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DEFENSE CONTRACT AUDIT AGENCY

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PIC 710.6

January 18, 2017
17-PIC-001(R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA CORPORATE AUDIT DIRECTORS, DCAA ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Audit Alert on Final Voucher Services

The purpose of this audit alert is to emphasize the types of services audit teams may provide to the Cognizant Federal Agency Official (CFAO), generally the Administrative Contracting Officer (ACO), to assist in processing final vouchers for contract closeouts.

Final Voucher Training

DCAA participated in a final voucher working group with DCMA to develop final voucher training slides that DCMA will use to train its administrative contracting officers and contract administrators on how to perform the final voucher review and approval process. Pursuant to DFARS 242.803(b)(ii)(A), the administrative contracting officer approves all completion/final vouchers and sends them to the disbursing officer. The final voucher training slides describe the types of final voucher services DCAA can perform, and provide step-by-step instructions for contracting officers to take prior to approving the final voucher (Enclosure). DCMA may be using a more detailed version of these slides for training its workforce; however, it will take time to roll out training to all of DCMA. If requested, FAOs may use the enclosed slides to provide training to local DCMA offices.

What are the final voucher services that DCAA can provide?

Effective June 30, 2011, FAR 52.216-7, *Allowable Cost and Payment* clause added a requirement for contractors to update the Schedule I, Cumulative Direct and Indirect Costs claimed and billed to reflect settled rates and cumulative costs within 60 days of rate settlement (FAR 52.216-7(d)(2)(v)). This was considered necessary to enhance the contract closeout process. Contracting officers can use this updated schedule to assist in closing out contracts.

Generally, the CFAO should have sufficient data to approve final vouchers to close contracts without requiring further assistance from DCAA, especially for contracts awarded after June 2011 requiring an updated Schedule I by the contractor. However, DCMA has a significant number of older contracts ready to be closed that do not have the current FAR 52.216-7(d)(2)(v) clause requirement. For these older contracts, the CFAO may determine that additional information is necessary to complete the final voucher review (i.e., updated Schedule I information).

Upon receipt of a specific CFAO request, additional final voucher support should be provided. This support could include:

- Sending specific information to the CFAO
 - In situations where the CFAO requests DCAA to provide specific information that could not be located in the CFAO files (e.g., copies of low risk memorandums, incurred cost audit reports, signed rate agreement letters for the fiscal years of the contract, certified final incurred cost proposals, or prior year CACWS).
- Final Voucher Other Than Audit Services – Activity Code 15400
 - In situations where the contractor does not have a CACWS and there are complexities that exist, the CFAO may request DCAA to provide a service other than an audit on the contract/task order to use in closing out the contract/task order. This service can only compile existing factual information (i.e., no additional audit effort can be performed). *[Note: If the contract was awarded after June 30, 2011, the CFAO should obtain the updated cumulative costs and billings by contract/subcontract from the contractor as required by FAR 52.216-7(2)(d)(v), Allowable Cost and Payment Clause.]*
- Final Voucher Audit Services – Activity Code 17900
 - In situations where there is identified risk or concerns on specific contracts (e.g., direct costs, or level of effort hours) not previously addressed in other audits, DCAA can perform audit effort (i.e., attestation examination or agreed-upon procedure) at the time of final voucher. *[Note: If the reason for the request of additional DCAA final audit services is because a disclaimer of opinion was issued pertaining to the contractor's incurred costs, the CFAO should contact DCAA to discuss the circumstances that led to the disclaimer to determine whether the conditions still exist, i.e., can an examination or agreed-upon procedures now be done?]*

Questions and Further Information

If an FAO receives a request for assistance in reviewing final vouchers, the FAO should coordinate what service is appropriate given the circumstances (e.g., help provide training, walk through a few of the vouchers, set up an assignment).

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FAO personnel with questions regarding this audit alert should contact their regional offices. Regional personnel with questions regarding this audit alert should contact Policy Incurred Cost Division at (703) 767-2270 or via e-mail at DCAA-PIC@dcaa.mil.

/Signed/
Thomas J. Peters
Assistant Director, Policy and Plans

Enclosure:
Final Cost Voucher Training

DISTRIBUTION: E



Final Cost Vouchers

Presenter Name

Presenter Title

Presentation Date

Assumptions

- Prior to the review and approval of final vouchers, the CFAO (generally DCMA ACO or functional specialist) should have reviewed all flexibly priced contracts/orders in MOCAS for data integrity:
 - Check the unliquidated obligation balances against contract/order source documentation (payment records, modifications).
 - Validate disbursements
 - Fund reconciliation

Objectives

- Overview of the Contract Closeout Process
- Final Voucher Regulations
- Final Voucher Roles
- Additional DCAA Final Voucher Support
- Final Voucher Action Tools
 - Cumulative Allowable Cost Work Sheet (CACWS)
 - Incurred Cost Proposal Schedules

Overview of the Contract Closeout Process

Why is contract closeout important?—

- Compliance with Federal Acquisition Regulations
- Prevention of Overage Contracts
- Identification of excess funds available for use (deobligation)
- Avoidance of canceling funds and need for future appropriations to pay for completed contracts

Overview of the Contract Closeout Process

FAR 4.804-1(a) sets specific time periods for closing contracts

- The time period for closing a contract is based upon both the type of contract and the date of physical completion.
- For cost reimbursable contracts requiring settlement of indirect rates (Cost type, Time and Material, and Labor Hour contracts), Cognizant Federal Agency Officials (CFAO) have 36 months from date of physical completion to close the contract.

Overview of the Contract Closeout Process

FAR 4.804-5 --procedures for closing out contract files

- The CFAO, usually the administrative contracting officer (ACO), is responsible for initiating administrative closeout of the contract after receiving evidence of its physical completion.
- The CFAO must review the contract funds status and notify the contracting officer, usually the procurement contracting officer (PCO), of any excess funds available for deobligation.

Overview of the Contract Closeout Process

4.804-5 -- Procedures for Closing Out Contract Files...

When complete, FAR 4.804-5(a) states the administrative closeout procedures must ensure...

- Disposition of classified material is completed;
- Final patent and final royalty report is cleared;
- There is no outstanding value engineering change proposal;
- Plant clearance report and property clearance is received;
- All interim or disallowed costs are settled;
- Price revision is completed;
- Subcontracts are settled by the prime contractor;
- Prior year indirect cost rates are settled and final invoice has been submitted;
- Termination docket is completed;
- Contract audit and Contractor's closing statement is completed;
- Contract funds review is completed and excess funds deobligated.

When the actions outlined above have been verified, the CFAO must ensure that a contract completion statement is completed per FAR 4.804-5(b).

Overview of the Contract Closeout Process

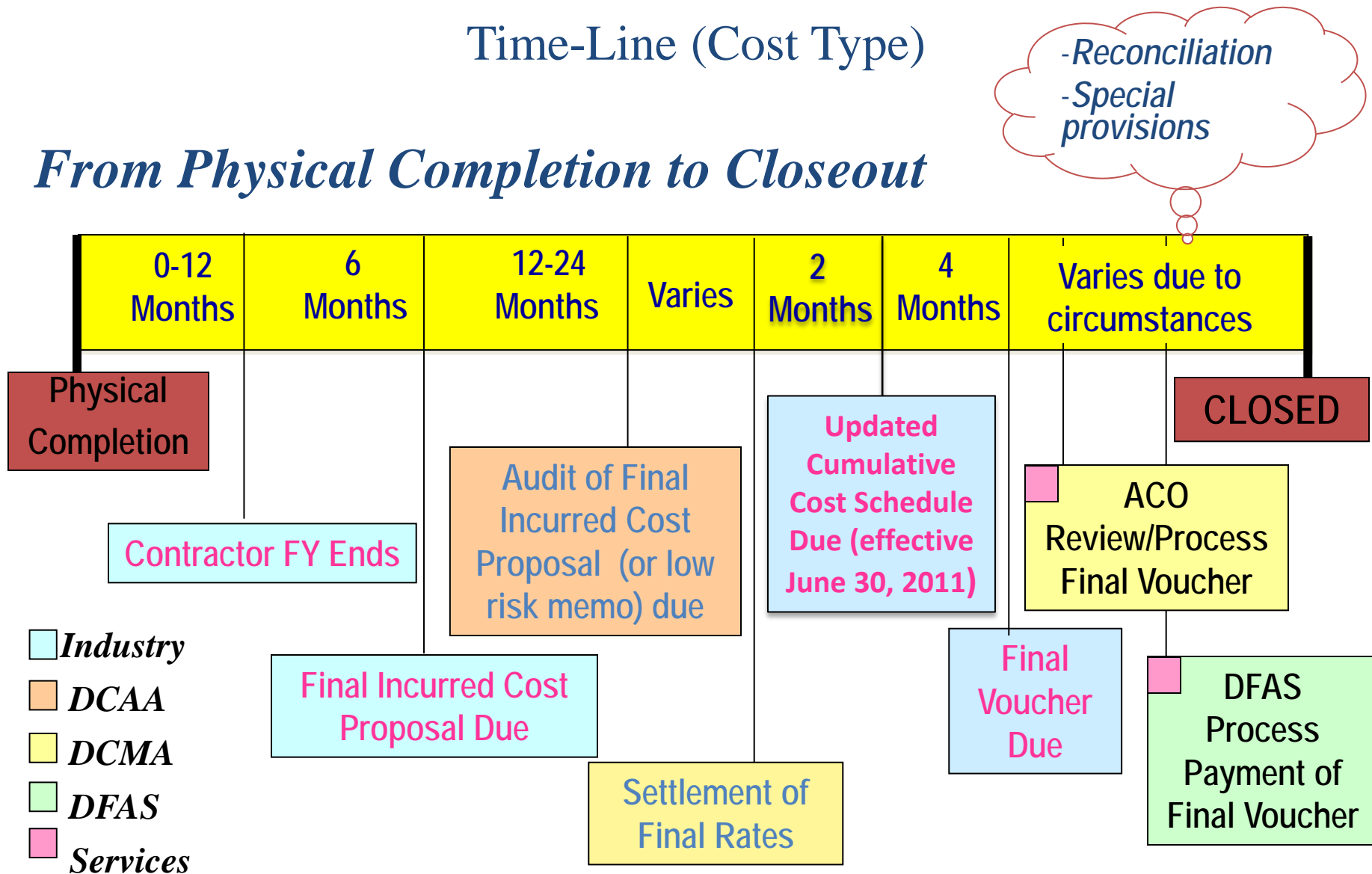
A contract may only be closed when it is considered to be:

- Physically Complete (FAR 4.804-4(a))
 - Deliveries complete/supplies inspected and accepted
 - Services performed/Government accepted
 - Option provisions expired and/or contract terminated
- Administratively Complete (FAR 4.804-5)
 - All administrative actions are accomplished
 - All releases executed
 - Final payment made

Overview of the Contract Closeout Process

Time-Line (Cost Type)

From Physical Completion to Closeout



Final Voucher Regulations

- FAR 52.216-7, *Allowable Cost and Payment*, states that the contractor shall submit an adequate final indirect cost rate proposal to the Contracting Officer and auditor within 6 months after the end of its fiscal year.
- Prior to June 30, 2011, the *Allowable Cost and Payment*, (effective December 2002) did not contain language requiring the contractor to update Schedule I, Cumulative Direct and Indirect Costs Claimed and Billed.

Final Voucher Regulations

DFARS 242.803(b)(ii)(A) provides that *the administrative contracting officer approves all completion/final vouchers and sends them to the disbursing officer.*

Final Voucher Regulations

- Effective June 30, 2011, the clause was updated to enhance the contract closeout process. Specifically, the regulation:
 - added a description of the contents (Schedules A through O) required for an adequate final indirect cost rate proposal [FAR 52.216-7(d)(2)(iii)],
 - added the content of supplementary schedules A through O as additional information not required to determine if a proposal is adequate, but may be required during the audit process [FAR 52.216-7(d)(2)(iv)], and
 - added language requiring the contractor to update billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed within 60 days after rate settlement [FAR 52.216-7(d)(2)(v)].

Final Voucher Regulations

- A separate final voucher will be submitted for each individual project or task/delivery order for which a separate series of public (interim) vouchers has been submitted.
- ACO approves all completion/final vouchers and sends them to the disbursing officer.
- Terminology: Completion voucher is used interchangeably with final voucher.

Final Voucher Regulations

- FAR 52.216-7(d)(5) and FAR 42.705(b) (effective 2002) specifies that the contractor must submit a completion voucher within 120 days (or longer period if approved in writing by the Contracting Officer) after settlement of the final annual indirect costs rates for all years of the physically complete contract/order.
 - Per DCMA Instructions Nos. 125 and 135, only the ACO may grant, in writing, an extension to the 120-day requirement if the contractor submits a written request for an extension based on exceptional circumstances.
- FAR 52.216-7(d)(6)(i) and 42.705(c) (effective 2002), states that if the contractor fails to submit a completion invoice or voucher within the time specified, the contracting officer may
 - determine the amounts due to the contractor under the contract; and
 - record this determination in a unilateral modification to the contract.

Final Voucher Roles

- Final voucher is routed directly to the DCMA CFAO (usually the ACO) for approval via the Invoicing, Receipt, Acceptance, and Property Transfer System (iRAPT, formerly Wide Area Workflow or WAWF).
- DCAA has view only access in iRAPT to the final voucher and no action can be taken.

Final Voucher Roles

- DCAA performs incurred cost audits of adequate incurred cost proposals in support of the closeout process to determine if costs charged to auditable Government contracts are allowable, allocable, and reasonable in accordance with contract terms and applicable to Government acquisition regulations.

Final Voucher Roles

- DCAA also issues low risk memos for those contractor's fiscal year incurred cost proposals deemed low risk and not selected for audit based on DCAA's Policy and Procedures for sampling low-risk incurred cost proposals.
 - The Defense Procurement and Acquisition Policy (DPAP) authorized a class deviation dated July 24, 2012 that allows the DoD contracting officers to rely on either a DCAA audit report or a DCAA memorandum to satisfy the requirements in FAR 4.804-5(a)(12), 42.705-1(b)(2), and 42.705-2(b)(2)(i).

Final Voucher Roles

- The DCAA incurred cost audit report or low risk memo is used in the settlement of final annual indirect cost rates.
 - FAR 42.705-1, describes contracting officer determination of final indirect cost rate applicability, responsibility, and procedures.
 - Per DCMA-INST 125, Final Overhead Rates, the CFAO shall make every effort to complete overhead negotiations within 27 months of the contractor's fiscal year end for major contractors and within 36 months of the contractor's fiscal year end for nonmajor contractors.
- FAR 42.705-2, *Auditor Determination Procedure*, states the cognizant Government auditor shall establish final indirect cost rates for business units not covered in FAR 42.705-1.
 - Final rates are settled based upon the signed rate agreement letter by the contractor included in the incurred cost audit report or low risk memo.

Final Voucher Roles

- For older contracts that do not have the revised FAR allowable cost and payment clause (prior to June 30, 2011), the CFAO should:
 - Determine if the contractor prepared an updated Schedule I voluntarily
 - Determine whether applicable data is available to assist in reviewing/approving the final voucher (e.g. prior year CACWS, incurred cost audit reports or rate agreements for contract period of performance, detailed Schedule H and I from incurred cost proposal, etc.)
 - Determine whether inaccurate or incomplete final vouchers should be returned to the contractor for correction
 - Determine whether additional DCAA assistance is needed.

Additional DCAA Final Voucher Support

- If DCAA work products are not in CFAO files
 - Description of Service – Contact the cognizant DCAA offices to request copies of audit reports; low risk memos; or contractor incurred cost proposals or specific schedules.

Additional DCAA Final Voucher Support

- Final Voucher Other Than Audit Services
 - Activity Code 15400
 - When Performed – Upon receipt of specific CFAO request when the contractor does not have a CACWS and there are complexities that exist (e.g., the contractor has undergone multiple reorganizations, or there are complex rate structures).

Note: If the contract was awarded after June 30, 2011, the CFAO should require the contractor to provide the updated cumulative costs and billings by contract/subcontract as required by FAR 52.216-7(2)(d)(v) Allowable Cost and Payment.

- Description of Service – Service to compile the direct and indirect costs (based upon previous audit results) on the contract/task order for the CFAO to use in closing out the contract/task order.
- No additional examination is being performed.

Additional Final Voucher Support

- Final Voucher Audit Services

- Activity Code 17900 – Other Audit
- When Performed – Upon receipt of specific CFAO request
- Description of Service: Attestation Examination or Agreed Upon Procedure
 - In cases where there are identified risk or concerns on specific contracts (e.g. direct costs, or level of effort hours) not previously examined in other audits, DCAA can perform audit effort at time of final voucher
 - If the reason the ACO is asking for support is because DCAA issued a disclaimer of opinion, the ACO should contact DCAA to discuss the circumstances that led to the disclaimer to determine whether the conditions still exist (can an examination or agreed-upon procedures now be done?).

Final Voucher Action Tools

- Usually, the CFAO (generally the ACO) should have sufficient data to approve final vouchers to close contracts without requiring further assistance from DCAA:
 - Generate or update an existing CACWS using the following:
 - Incurred Cost Audit Reports (10100 or 17900),
 - Low risk memos issued,
 - Schedules H, K & J (if applicable), and O of the certified incurred cost proposals,
 - Settled Direct and Indirect Costs, and
 - Rate Agreement Letters
 - Obtain **Contractor Updated Schedule I**, Cumulative Direct and Indirect Costs Claimed and Billed, effective June 30, 2011, to reflect settled rates and cumulative costs within 60 days after settlement of final indirect rates
 - Used in lieu of a CACWS to assist in closing out contracts once the accuracy of the data is verified

Final Voucher Action Tools – Cumulative Allowable Cost Worksheet (CACWS)

- The CACWS is a summary schedule of cumulative allowable costs for each open flexibly priced contract through the last contract fiscal year for which indirect cost rates have been settled.
 - Also includes unsettled costs in a separate column.
- The CACWS indicates if each contract is physically complete, if they are ready to be closed, and other key information needed to support final billings.
- Recommend a CACWS or comparable summary report be prepared by the contractor as part of the incurred cost proposal submission.
 - CACWS not required for an adequate certified incurred cost proposal but should be encouraged because of the benefits and efficiencies gained in closing contracts timely.

CACWS Illustration

If subcontract, include the prime contract no., subcontract no. and prime contractor name. (Obtain from Schedule J)

From Schedule O, determine the contract ceiling price and fee for the contract. The amount that goes in this column is the amount over the contract ceiling price.

From Schedule I, input Y or N answer for all contracts.

From Schedule O, include for contracts that are ready to close.

Contractor Name
SCHEDULE OF CUMULATIVE ALLOWABLE COSTS/AMOUNTS
Through Fiscal Year Ended [DATE]
For Flexibly Priced Contracts and Subcontracts
SECTION I

Prime Contract No.	Subcontract No.	Prime Contractor	Delivery Order No.	Subject to Penalty Clause (1)	Prior Audited Years w/Settled Rates (2)	Direct & Indirect Costs Using Settled Rates FYE [DATE] (2)	Subtotal	Less: Contract Limitations (3)	Total Direct & Indirect Cost Using Settled Rates (4)	Assist Audit Amount Incl. in Total (5)	Ready to Close	Actual LOE Cum Hours	Fee
Cost Type Contracts													
				From Schedule I	From Schedule I	From Schedule I	\$ -		\$ -				
						From Schedule I (based on application of final settled rates to amounts from schedule H for cost-type and schedule K for T&M within 60 days per FAR requirement)			\$ -				
							\$ -		\$ -				
							\$ -		\$ -				
Time & Material Contracts													
									\$ -				
									\$ -				
									\$ -				

For level of effort contracts, include for contracts that are ready to close the actual LOE hours reported in schedule O.

Identify all years that were closed out with Low Risk Memos.

Notes:

(1) FAR 42.709 implements 10 USC 2324(a)-(d) and 41 USC 4303, which require that penalties be assessed if a contractor claims an expressly unallowable cost in an indirect cost settlement proposal on covered contracts. FAR 42.709 applies to all cost-type and fixed-priced incentive contracts in excess of \$500,000, issued on or after October 1, 1995 and before January 19, 2005. Covered contracts also include all cost type and fixed price incentive contracts in excess of \$550,000 issued on or after January 19, 2005 and before September 28, 2006; in excess of \$650,000 for contracts issued on or after September 28, 2006 and before October 1, 2010; and in excess of \$700,000 for contracts issued on or after October 1, 2010.

(2) These costs, by contract, are computed using the negotiation or rate agreement document. Fiscal Year(s) [XXXX through XXXX] was/were dispositioned based on the Defense Procurement and Acquisition Policy Class Deviation - DCAA Policy and Procedure for Sampling Low-Risk Incurred Cost Proposals (No. 2012-00013) dated July 24, 2012, and as a result was/were not audited. Direct costs are subject to adjustment until final payment.

(3) Contract limitations include costs incurred that are (i) in excess of contract ceiling rates, (ii) unallowable per contract, (iii) outside the period of performance, or (iv) in excess of contract ceiling amounts that are not already excluded.

(4) The cumulative allowable amounts in this column are not to exceed contract ceiling amounts.

(5) Costs in this column are considered unresolved pending subcontract completion and receipt of final cumulative allowable subcontract and Intercompany costs. See Section II for details of subcontracts/ Intercompany included in this amount.

Final Voucher Action Tools

- Schedule H – Schedule of direct costs by contract/subcontract and indirect expenses applied at claimed rates
 - Provides all the costs that were charged to each contract/subcontract during the current fiscal year by contract type (direct and indirect costs)
 - Allowable (or Claimed) amounts get carried over to Schedule I

SCHEDULE H
ICE (version 2.0.1e)

XYZ Corporation
Anywhere, USA
Schedule of Direct Costs by Contract/Subcontract
and Indirect Expense Applied at Claimed Rates
Fiscal Year End - 3/31/2009

JOB ORDER	Prime CONTRACT NUMBER	SUBCONTRACT NUMBER	Labor O/H	Total Labor	Travel	Material	ODC	Sub-Contracts	Total Direct Costs	Sched A Claimed O/H O/H	Direct Costs Plus O/H	G&A Base (TCL)	Sched A Claimed G & A Applied	Total Costs	O/H COM Applied	G & A COM Applied	Total COM	Grand Total
A. COST TYPE																		
1201	N00039-90-C-0873			-					-	-	-	-	-	-	-	-	-	-
	Claimed		122,113	122,113	5,231	115,068	43,630	87,912	373,954	94,931	468,885	468,885	40,324	509,209	1,904	314	2,218	511,427
	Not Claimed			-	1,687		3,183		4,870	-	4,870	4,870	419	5,289	-	3	3	5,292
1203	N00040-90-C-0874		16,387	16,387	836	312	1,212	15,341	34,088	12,739	46,827	46,827	4,027	50,854	255	31	286	51,140
1204		Subcontract-Clark Inc.	8,973	8,973	87	9,687	632	7,888	27,267	6,976	34,243	34,243	2,945	37,188			-	37,188
A. TOTAL COST TYPE:			147,473	147,473	7,841	125,067	48,657	111,141	440,179	114,646	554,825	554,825	47,715	602,540	2,159	348	2,507	605,047
B. OTHER FLEXIBLY PRICED																		
1205	N00060-90-C-0913		210,312	210,312	8,932	38,643	59,613	89,732	407,232	163,497	570,729	570,729	49,083	619,812	3,279	382	3,661	623,473
				-					-	-	-	-	-	-	-	-	-	-
				-					-	-	-	-	-	-	-	-	-	-
B. TOTAL OTHER FLEXIBLY PRICED			210,312	210,312	8,932	38,643	59,613	89,732	407,232	163,497	570,729	570,729	49,083	619,812	3,279	382	3,661	623,473
C.. VAR. TIME & MAT'L																		
1301	N00022-96-D-0111			-					-	-	-	-	-	-	-	-	-	-
	Task Order No. 1		5,300	5,300	382	1,000			6,682	4,120	10,802	10,802	929	11,731	83	7	90	11,821
	Task Order No. 2		2,882	2,882	421	500			3,803	2,240	6,043	6,043	520	6,563	45	4	49	6,612
1305	F66777-97-D-0112			-					-	-	-	-	-	-	-	-	-	-
	Task Order No. 1		2,911	2,911	171	750			3,832	2,263	6,095	6,095	524	6,619	45	4	49	6,668
C.. TOTAL VAR. TIME & MAT'L			11,093	11,093	974	2,250	-	-	14,317	8,623	22,940	22,940	1,973	24,913	173	15	188	25,101
D. VAR-FIXED PRICE																		
			99,819	99,819	5,338	16,724	12,914	147,318	282,113	77,599	359,712	359,712	30,935	390,647	1,556	241	1,797	392,444
				-					-	-	-	-	-	-	-	-	-	-
				-					-	-	-	-	-	-	-	-	-	-
				-					-	-	-	-	-	-	-	-	-	-
D. TOTAL VAR-FIXED PRICE			99,819	99,819	5,338	16,724	12,914	147,318	282,113	77,599	359,712	359,712	30,935	390,647	1,556	241	1,797	392,444
E. VARIOUS COMMERCIAL WORK																		
			164,315	164,315	11,478	660,297	50,921	596,650	1,483,661	127,738	1,611,399	1,611,399	138,580	1,749,979	-	-	-	1,749,979
				-					-	-	-	-	-	-	-	-	-	-
				-					-	-	-	-	-	-	-	-	-	-
E. TOTAL VARIOUS COMMERCIAL WORK			164,315	164,315	11,478	660,297	50,921	596,650	1,483,661	127,738	1,611,399	1,611,399	138,580	1,749,979	-	-	-	1,749,979
TOTAL CONTRACT COSTS			633,012	633,012	34,563	842,981	172,105	944,841	2,627,502	492,103	3,119,605	3,119,605	268,286	3,387,891	7,167	986	8,153	3,396,044
	IR & D		14,287	14,287	366	126	9,232		24,011	11,107	35,118							
	B& P		9,525	9,525	244	85	6,156		16,010	7,405	23,415							
TOTAL IR & D/B & P			23,812	23,812	610	211	15,388	-	40,021	18,512	58,533							
GRAND TOTAL			656,824	656,824	35,173	843,192	187,493	944,841	2,667,523	510,615								

Schedule H details all the direct costs and indirect costs (at claimed rates) that were incurred for each contract during the current fiscal year by contract type.

Once negotiated/settled, the contractor would use Schedule H to update the direct costs to exclude any sustained questioned costs and apply the final negotiated/settled indirect rates to calculate final indirect costs.

The updated total incurred costs for the fiscal year period will be carried forward to Schedule I, Cumulative Direct and Indirect Costs Claimed and Billed By Contract/Subcontract as settled total costs for the period.

Final Voucher Action Tools

- Schedule K – Schedule of hours and amounts on Time and Material/Labor Hour contracts
 - Provides summary of total hours by labor category and amounts incurred/billed
 - Amounts get carried over to Schedule I

SCHEDULE K
ICE (version 2.0.1e)

XYZ Corporation
 Anywhere, USA
 Summary of Hours and Amounts on Time and Material/Labor Hour Contracts
 Fiscal Year End - 3/31/2009

Contract Labor Category	Contract No. N00022-96-D-0111 Task: 001			Contract No. N00022-96-D-0111 Task: 002			Contract No. F66777-97-D-0112 Task: 001		
	Rate	Hrs	Amount	Rate	Hrs	Amount	Rate	Hrs	Amount
LABOR									
Program Manager	\$ 25.00	100	2,500	\$25.00	50	1,250	# \$22.50	100	2,250
Senior Engineer	\$ 20.00	100	2,000	\$17.50	100	1,750	\$17.50	100	1,750
Engineer	\$ 15.00	200	3,000	\$12.50	100	1,250	\$16.00	50	800
Analyst	\$ 12.50	100	1,250	\$12.50	-	-	\$10.00	20	200
Technical Typist	\$ 7.00	50	350	\$7.00	100	700	\$0.00	-	-
TOTAL		550	9,100		350	4,950		270	5,000
OTHER COSTS									
Material Costs			1,000			500			750
Travel Costs			382			421			171
G&A @: 8.60%			119			79			79
Subtotal			1,501			1,000			1,000
TOTAL			10,601			5,950			6,000
Task Ceilings			25,000			12,500			7,500

[To SCHED I](#)

Note: Any Changes in data will affect Schedule I.

This schedule is used to verify total amounts and hours incurred/billed on Time and Material and Labor Hour contracts when processing final vouchers.

Final Voucher Action Tools

- Schedule I – Schedule of cumulative direct and indirect costs claimed and billed
 - Linked to Schedules H (contract costs) and K (T&M/LH amounts and hours)
 - Effective June 30, 2011, contractor required to update schedule to reflect final settled rates within 60 days after final indirect cost rate settlement
 - Provides by contract/subcontract:
 - Prior settled years cost
 - Unsettled years costs, if applicable
 - Current year costs using settled rates
 - Contract limitations
 - Contracts ready to close
 - Contracts that may require billing adjustments (over/under billings)
 - Latest voucher number billed
 - If there are no prior year unsettled costs, then can rely on Schedule I if the rates in Schedule H are agreed to. If rates differ, then update Schedule H for settled rates which will carry forward to Schedule I and can close.

XYZ Corporation Anywhere, USA Schedule of Cumulative Direct and Indirect Costs Claimed and Billed by Contract and Subcontract Fiscal Year End - 3/31/2009											SCHEDULE I ICE (version 2.0.1e)			
The Updated Sch I should now reflect SETTLED Direct and Indirect Costs														
Unsettled/Claimed Direct And Indirect Costs Using Claimed														
Contract No.	Subcontract No.	Order No.	Subject To Penalty Clause	Prior Years Settled Total Costs	Prior Year Costs FYE	Current Year Costs FYE	Total Cumulative Settled or Claimed	Less Contract Limitations Rebates/Cred	Net Cumulative Settled or Claimed	PV No.	Cumulative Cost Billed (Manual Entry)		Over (Under) Billing	Physically Complete
											Date Cost Billed Through	Amount		
SCHED H														
Cost Type & Flexibly Priced:														
N00039-90-C-0873	Subcontract-Clark Inc.	1201	Yes		126,821	511,427	638,248		638,248	18	2/28/2009	640,110	1,862	
N00040-90-C-0874		1203	Yes	382,595	2,867,500	51,140	3,301,235		3,301,235	30	3/31/2009	3,295,110	(6,125)	
		1204		359,626	555,311	37,188	952,125		952,125	24	1/31/2009	960,100	7,975	Yes
N00060-90-C-0913		1205	Yes	591,362	443,916	623,473	1,658,751		1,658,751	33	3/31/2009	1,640,426	(18,325)	Yes
Subtotal-Cost & Flexibly Priced Contracts							6,550,359		6,550,359			6,535,746	(14,613)	
SCHED K														
Time & Material														
N00022-96-D-0111	001					10,601	10,601		10,601	6	12/31/2008	10,848	247	Yes
N00022-96-D-0111	002					5,950	5,950		5,950	6	12/31/2008	5,000	(950)	
F66777-97-D-0112	001					6,000	6,000		6,000	2	12/31/2008	5,750	(250)	
							-		-				-	
Subtotal-Time & Material Contracts							22,551		22,551			21,598	(953)	
Total- Cost/Flexibly Priced and Time & Material Contracts							6,572,910		6,572,910			6,557,344	(15,566)	

FAR 52.216-7(d)(2)(v) requires the contractor to update billings on all contracts to reflect the final settled rates and update the Schedule of Direct and Indirect Costs claimed within 60 days after settlement of final indirect cost rates

The updated Schedule I provides information that assists the CFAO in reviewing and approving final vouchers:

Identifies flexibly priced contracts and subcontracts by contract number, type, and delivery/task order

Identifies prior settled years cost

Identifies current year costs using settled rates

Identifies contract limitations (amounts that exceeds contract value)

Identifies contracts ready to close

Identifies contracts that may require billing adjustments due to over/under billing

Identifies latest voucher number billed on the contract for easy verification

Demonstration of Final Voucher Process By CFAO

- Final Voucher Example
 - Signed Rate Agreement Letters
 - Schedule H
 - Schedule I

Final Voucher Example

Standard Form 1034		PUBLIC VOUCHER FOR PURCHASE AND SERVICES OTHER THAN PERSONAL				VOUCHER NO. 0062Z	
Revised October 1987 4 TFM 4-2000							
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION				DATE VOUCHER PREPARED 18-Nov-15		SCHEDULE NO.	
				CONTRACT NUMBER AND DATE W9113M-13-C-0008		PAID BY	
				REQUISITION NUMBER AND DATE			
PAYEE'S NAME AND ADDRESS						DATE INVOICE REC'D	
						DISCOUNT TERMS	
						PAYEE'S ACCT NUMBER	
SHIPPED FROM		TO		WEIGHT		GOVT B/L NUMBER	
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUAN-TITY	UNIT PRICE COST PRICE		AMOUNT	
	2/14/2013 thru 12/31/2014	For detail see continuation sheet. Total amount claimed transferred from page 1 of continuation sheet.					
CLIN							
0001AB	ACRN	AA				0.00	
0001AC	ACRN	AB				0.00	
0001AD	ACRN	AC				6,301.00	
0002AA	ACRN	AA				4,813.00	
0003AA	ACRN	AB				2,498.00	
		SERVICES LINE ITEM					
		*****FINAL*****					
				TOTAL		13,612.00	
(Use continuation sheet(s) if necessary) (Payee must NOT use the space below)							
PAYMENT:		APPROVED FOR Provisional Payment subject to later audit		EXCHANGE RATE = \$1.00		Differences	
COMPLETE		By 2					
PARTIAL							
FINAL	X						
PROGRESS							
ADVANCE							
0 Amount verified: correct for (Signature or initials)							
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.							
Date		(Authorized Certifying Officer)2				Title	
PAID BY		CHECK NUMBER	ON TREASURER OF THE UNITED STATES	CHECK NUMBER	ON	(Name of bank)	
		CASH	DATE	PAYEE3			
		\$					
1 When stated in foreign currency, insert name of currency.							
2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.							
3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company title corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.							

Final Voucher Example

INPUT SHEET FOR VOUCHER									
Customer		Project No.		132 133 134 Celeste		ACO should verify to contract files and MOCAS			
USASMD/ARSTRAT		Contract No.		132133134		CLIN		ACRN Funding:	
ACC-RSA, SMD/CCMO, CCM-CAB-B		Task Order No.				0001AB		AA 120,000	
Post Office Box 1500		Contract Cost		1,182,257.70		0001AC		AB 347,688	
Huntsville, AL 35807		Fee		88,669.30		0001AD		AC 127,023	
Voucher No.		0062Z		Total Contract		0002AA		AA 434,314	
Voucher Date		11/18/2015		Fee		0003AA		AB 241,902	
Service Period		From 2/14/2013 thru 12/31/2014		Fee Withhold					
ACO should verify PoP per contract and latest mods.		Billing Rates:		Final Rate Letter		Final Rate Letter		See FY 2013 signed rate agreement letter	
		Fringe		39.13%		33.83%		See FY 2014 signed rate agreement letter	
		Overhead		40.73%		45.60%			
		M&S		2.13%		2.54%			
		G&A		18.62%		17.61%			
CUMULATIVE AMT		Start Date							
LAST VOUCHER		02/14/13		01/01/14					
0061		12/31/13		12/31/14					
Direct Labor		331,107.00		143,647.00		187,460.00		Total Difference =	
Equipment								331,107.00 0.00	
Materials & Supplies		12,388.00		1,496.00		10,892.00		12,388.00 0.00	
Subcontracts		332,395.00		160,000.00		160,248.00		320,248.00 (12,147.00)	
Consultants		58,672.00		17,160.00		59,476.00		76,636.00 17,964.00	
Travel		3,473.00		2,667.00		662.00		3,329.00 (144.00)	
Other Direct Costs								0.00 0.00	
Fringe		122,467.00		56,214.19		63,417.96		119,632.15 (2,834.85)	
Overhead		147,521.00		81,408.18		114,406.08		195,814.26 48,293.26	
M&S		6,253.00		3,434.20		4,344.35		7,778.55 1,525.55	
G&A		168,404.00		56,713.43		75,693.61		132,407.04 (35,996.96)	
Total Cost		1,182,680.00		522,740.00		676,600.00		1,199,340.00 16,660.00	
Less: Over Cost Ceiling				0.00		(17,082.30)		(17,082.30) (17,082.30)	
Total Adjusted Cost		1,182,680.00		522,740.00		659,517.70		1,182,257.70 (422.30)	
Fixed Fee Earned		85,927.00		39,205.49		49,463.81		88,669.30 2,742.30	
Fixed Fee Retention		(11,292.00)						0.00 11,292.00	
		1,257,315.00		561,945.49		708,981.51		1,270,927.00 13,612.00	
CLIN								SF 1035A Check: 13,612.00	
0001AB		AA 120,000.00							
0001AC		AB 347,688.00							
0001AD		AC 120,722.00							
0002AA		AA 429,501.00							
0003AA		AB 239,404.00							
		1,257,315.00							

Rate Agreement Letter – FY 2013



SAN DIEGO SOUTH INCURRED COST BRANCH OFFICE
WESTERN REGION
DEFENSE CONTRACT AUDIT AGENCY
9444 BALBOA AVENUE, SUITE 360
SAN DIEGO, CA 92123-7304



IN REPLY REFER TO:
04151-2013D10100041

October 2, 2014



This letter sets forth the agreed upon final indirect cost rates established on behalf of the administrative contracting officer in accordance with FAR 42.705-2(b)(2)(ii). Per the Defense Procurement and Acquisition Policy (DPAP) class deviation memorandum dated July 24, 2012, the audit requirement at FAR 42.705-2(b)(2)(i) is waived because the incurred cost proposal is deemed low-risk and was not selected for an audit.

The final annual indirect cost rates for the fiscal year ended December 31, 2013 are as follows:

<u>Cost Center</u>	<u>Rate</u>	<u>Allocation Base</u>	
		<u>Amount</u>	<u>Description</u>
Overhead	40.73%	\$1,701,918	(a)
Material Handling & Subcontract Administration	2.13%	\$767,827	(b)
General & Administrative	18.62%	\$2,643,841	(c)
Fringe	39.13%	\$1,499,595	(d)

- (a) Total Direct and IR&D/B&P Labor Dollars Including Applicable Fringe
- (b) Total Direct Equipment, Material and Subcontract Dollars
- (c) Value-Added Cost Input (Excluding Direct Equipment, Materials and Subcontracts)
- (d) Total Direct and Indirect Labor Dollars

These rates are applicable to the base costs specified for each of the contracts performed during your fiscal year ended December 31, 2013. The allowable costs by contract for the indicated fiscal year and from inception are shown in Attachment 1, Cumulative Allowable Cost Worksheet (CACWS) by contract.

This indirect rate agreement shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in the contracts listed in Attachment 1. This understanding is incorporated into each of the affected contracts upon execution.

FOR OFFICIAL USE ONLY

04151-2013D10100041

SUBJECT: [REDACTED] 2013 Final Indirect Rate Agreement

October 2, 2014

The subject rates do not include any specific indirect cost items which were treated as direct costs in the settlement of the subject rates. There were no contracts that contained advance agreements or special provisions rendering these rates inapplicable, in part or whole.

Please confirm your acceptance of the terms of the indirect cost rate agreement by signing and returning this letter to me. Please retain of copy for your records.

In accordance with FAR 52.216-7, you are directed to promptly submit adjustment vouchers or final vouchers for all flexibly priced contracts. Audit adjustments should be clearly delineated so as to be readily identifiable for verification by this office. Care should be taken that amounts claimed do not exceed contract limitations or contract indirect cost rate ceilings.

Sincerely,

Digitally signed by
david.ortiz@dcaa.mil
DN: cn=david.ortiz@dcaa.mil
Date: 2014.10.02 11:59:44 -07'00'

/s/ Elizabeth S. Reynaga
Branch Manager
San Diego South Incurred Cost Branch Office

Enclosure:

Attachment 1: Schedule of Cumulative Allowable Cost by Contract

[REDACTED] accepts the above stated final indirect cost rates.

Name: [REDACTED] Signature: [REDACTED]
Title: Chairman/CEO Date: 10/2/2014
Contractor: [REDACTED]

2

FOR OFFICIAL USE ONLY

Rate Agreement Letter – FY 2014



DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219



IN REPLY REFER TO:
04151-2014D10100019

September 22, 2015



This letter sets forth the agreed upon final indirect cost rates established on behalf of the administrative contracting officer in accordance with FAR 42.705-2(b)(2)(ii). Per the Defense Procurement and Acquisition Policy (DPAP) class deviation memorandum dated July 24, 2012, the audit requirement at FAR 42.705-2(b)(2)(i) is waived because the incurred cost proposal is deemed low-risk and was not selected for an audit.

The final annual indirect cost rates for the fiscal year ended December 31, 2014 are as follows:

Cost Center	Rate	Allocation Base	
		Amount	Description
Fringe	33.83%	\$1,646,627	(a)
Overhead	45.60%	\$1,695,708	(b)
Material and Subcontract Admin	2.54%	\$339,886	(c)
General and Administrative	17.61%	\$2,972,237	(d)

- (a) Direct and Indirect Labor
- (b) Direct Labor with Associated Fringe
- (c) Direct Material, Equipment, and Subcontracts
- (d) Value Added

These rates are applicable to the base costs specified for each of the contracts performed during your fiscal year ended December 31, 2014.

The allowable costs by contract for the indicated fiscal year and from inception are shown in Attachment 1, Cumulative Allowable Cost Worksheet (CACWS).

This indirect rate agreement shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in the contracts listed in Attachment 1. This understanding is incorporated into each of the affected contracts upon execution.

FOR OFFICIAL USE ONLY

04151-2014D10100019

Subject: [REDACTED] FY14 Rate Agreement Letter

The subject rates do not include any specific indirect cost items which were treated as direct costs in the settlement of the subject rates.

There were no contracts that contained advance agreements or special provisions rendering these rates inapplicable, in part or whole.

Please confirm your acceptance of the terms of the indirect cost rate agreement by signing and returning this letter to me.

In accordance with FAR 52.216-7, you are directed to promptly submit adjustment vouchers or final vouchers for all flexibly priced contracts, and they should be clearly delineated so as to be readily identifiable for verification by this office. Care should be taken that amounts claimed do not exceed contract limitations or contract indirect cost rate ceilings.

Sincerely,


Digitally signed by
DAVID G. FIX
DN: cn=DAVID G. FIX,
o=DEFENSE CONTRACT
AUDIT AGENCY,
ou=DEFENSE CONTRACT
AUDIT AGENCY,
c=US
Date: 2015.09.24 15:08:00
David G. Fix
Branch Chief

Enclosures:

Attachment 1: Cumulative Allowable Cost Worksheet (CACWS)

[REDACTED] accepts the above stated final indirect cost rates.

Name: [REDACTED] Signature: [REDACTED]
Title: CEO Date: 9/22/15
Contractor: [REDACTED]

SCHEDULE H
ICE (version 2.0.1c)

 Contract Direct Costs by Contract/Subcontract
And Indirect Expense Applied at Claimed Rates
Fiscal Year End - 12/31/2014

Schedule A is the rate table and should be updated to reflect the final settled indirect rates per signed rate agreement. This will update the indirect costs in Schedule H to reflect final settled costs for current period by contract. These updated costs will then flow to Schedule I to update cumulative costs claimed and billed.

Sched A

Sched A

CONTRACT NUMBER	Labor OH	Total Labor	Travel	Equipment	Material	Consultants	ODC	Sub-Contracts	Total Direct Costs	Claimed Fringe OH	Claimed O/H OH	Claimed O/H M&S	Direct Costs Plus O/H & Fringe	G&A Base (Value Added)	Claimed G & A Applied	Total Costs	Total COM	Grand Total
A. COST TYPE																		
		-							-	-	-	-	-	-	-	-	-	-
FA8750-10-C-0217	266,511	266,511	824		3,050	70,535		14,768	355,688	90,161	162,651	452	608,952	591,134	104,116	713,068	-	713,068
FA8750-13-C-0235	238,125	238,125	6,158		19,230	297,040		24,960	585,513	80,558	145,327	1,122	812,520	768,330	135,325	947,845	-	947,845
W9113M-13-C-0008	187,460	187,460	662		10,892	59,476		160,248	418,738	63,418	114,406	4,344	600,906	429,766	75,694	676,600	-	676,600
D11PC20189	61,446	61,446			31,035	5,355		12,501	110,337	20,787	37,500	1,105	169,729	126,193	22,226	191,955	-	191,955
W31P1Q-15-C-0014	9,864	9,864							9,864	3,337	6,020	-	19,221	19,221	3,385	22,606	-	22,606
HR0011-14-C-0065	336,101	336,101	7,451		52,829	160,665			557,046	113,703	205,121	1,341	877,211	824,382	145,198	1,022,409	-	1,022,409
		-							-	-	-	-	-	-	-	-	-	-
A. TOTAL COST TYPE:	1,099,507	1,099,507	15,095	-	117,036	593,071	-	212,477	2,037,186	371,964	671,025	8,364	3,088,539	2,759,026	485,944	3,574,483	-	3,574,483
B. OTHER FLEXIBLY PRICED																		
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
B. TOTAL OTHER FLEXIBLY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. VAR. TIME & MAT'L																		
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
		-							-	-	-	-	-	-	-	-	-	-
C. TOTAL VAR. TIME & MAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Direct costs should be adjusted to exclude any questioned cost that were sustained by the contracting officer.

SCHEDULE I
ICE (version 2.0.1c)

**SCHEDULE OF CUMULATIVE DIRECT AND INDIRECT COSTS CLAIMED AND BILLED
ON COST/FLEXIBLY PRICED AND T&M CONTRACTS AND SUBCONTRACTS
Fiscal Year End - 12/31/2014**

Contract No.	Subject To Penalty Clause	Prior Years Settled Total Costs	Unsettled/Claimed Direct And Indirect Costs Using		Total Cumulative Settled or Claimed	Less Contract Limitations Rebates/Credits	Net Cumulative Settled or Claimed	PV No.	Cumulative Billed		Over (Under) Billing	Physically Complete	Cost Limitation
			Prior Year Costs FYE	Current Year Costs FYE					Date Cost Billed Through	Amount			
<u>SCHED H</u>			<u>SCHED H</u>										
<u>Cost Type & Flexibly Priced:</u>													
FA8750-10-C-0217	Y	5,786,877		713,068	6,499,945	-	6,499,945	0050	12/31/14	6,441,005	(58,940)	Yes	6,540,220
FA8750-13-C-0235	Y	263,411		947,845	1,211,256	-	1,211,256	0019	12/31/14	1,215,201	3,945	No	1,350,956
W9113M-13-C-0008	Y	522,740		676,600	1,199,340	17,082	1,182,258	0061	12/31/14	1,181,769	(489)	Yes	1,182,258
D11PC20189	Y	940,388		191,955	1,132,343	-	1,132,343	0048	12/31/14	1,115,769	(16,574)	No	1,395,080
W31P1Q-15-C-0014	Y			22,606	22,606	-	22,606	0001	12/31/14	22,259	(347)	No	462,963
HR0011-14-C-0065	N			1,022,409	1,022,409	4,266	1,018,143	0007	12/31/14	1,018,143	-	No	1,018,143
				-	-	-	-				-		
				-	-	-	-				-		
				-	-	-	-				-		
Subtotal-Cost & Flexibly Priced Contracts		Check	3,574,483	3,574,483	11,087,899		11,066,551			10,994,146	(72,405)		
<u>SCHED K</u>			<u>SCHED K</u>										
<u>Time & Material</u>													
				-	-		-				-		
				-	-		-				-		
				-	-		-				-		
				-	-		-				-		
				-	-		-				-		
Subtotal-Time & Material Contracts				-	-		-			-	-		
Total- Cost/Flexibly Priced and Time & Material Contracts					11,087,899		11,066,551			10,994,146	(72,405)		



QUESTIONS & COMMENTS